

By

Carmen G. -

SJ.R. No. 12

A JOINT RESOLUTION

proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 50(k) and (p), Article XVI, Texas Constitution, are amended to read as follows:

(k) "Reverse mortgage" means an extension of credit:

(1) that is secured by a voluntary lien on homestead property created by a written agreement with the consent of each owner and each owner's spouse;

(2) that is made to a person who is or whose spouse is 55 years or older;

(3) that is made without recourse for personal liability against each owner and the spouse of each owner;

(4) under which advances are provided to a borrower based on the equity in a borrower's homestead or the value of the borrower's homestead;

(5) that does not permit the lender to reduce the amount or number of advances because of an adjustment in the interest rate if periodic advances are to be made;

(6) that requires no payment of principal or interest until:

(A) all borrowers have died;

(B) the homestead property securing the loan is sold or otherwise transferred; [or]

replaced by Sub

1 (C) [~~†B†~~] all borrowers cease occupying the
2 homestead property as a principal residence for more than 180
3 consecutive days [~~and-the-location-of-the-homestead-property--owner~~
4 ~~is-unknown-to-the-lender~~]; or

5 (D) the borrower defaults on an obligation
6 specified in the loan documents and the default jeopardizes the
7 lender's security interest in the homestead property;

8 (7) that provides that if the lender fails to make
9 loan advances as required in the loan documents and if the lender
10 fails to cure the default as required in the loan documents after
11 notice from the borrower, the lender forfeits all principal and
12 interest of the reverse mortgage; and

13 (8) that is not made unless the owner of the homestead
14 attests in writing that the owner received counseling regarding the
15 advisability and availability of reverse mortgages and other
16 financial alternatives.

17 (p) The advances made on a reverse mortgage loan under which
18 more than one advance is made must be made [~~at-regular-intervals~~]
19 according to the terms [~~a-plan~~] established by the [~~original~~] loan
20 documents by one or more of the following methods: [~~agreement~~]

21 (1) at regular intervals; or

22 (2) at any time under a line of credit:

23 (A) on request of the borrower; or

24 (B) by the lender, on behalf of the borrower, to
25 pay any cost, fee, or other charge the borrower is obligated to pay
26 under the loan documents.

27 SECTION 2. This proposed constitutional amendment shall be

1 submitted to the voters at an election to be held November 2, 1999.
2 The ballot shall be printed to permit voting for or against the
3 proposition: "The constitutional amendment relating to the making
4 of advances under a reverse mortgage and payment of a reverse
5 mortgage."

BILL ANALYSIS

Senate Research Center
76R880 DWS-D

S.J.R. 12
By: Carona
State Affairs
3/9/1999
As Filed

DIGEST

Currently, the Texas Constitution authorizes senior citizens to obtain a reverse mortgage. Generally, a reverse mortgage, under current law, allows a senior citizen to receive an extension of credit by mortgaging the credit against the person's homestead without paying the credit until the person dies. Some of the constitutional provisions, however, conflict with federal law and force the Department of Housing and Urban Development (HUD) to not insure reverse mortgage loans in Texas. If a mortgage loan cannot be insured by HUD, the Federal National Mortgage Association (Fannie Mae), which underwrites more than 90 percent of reverse mortgages nationally, will not buy the mortgage on the secondary market. The absence of the underwriter creates a significant discouragement for lenders to offer reverse mortgage loans altogether. Opening up the mortgage market by constitutionally redefining a reverse mortgage would permit HUD to insure reverse mortgages, and, subsequently, permit Fannie Mae to buy the Texas mortgages. S.J.R. 12 would require a constitutional amendment to open the reverse mortgage market in Texas.

PURPOSE

As proposed, S.J.R. 12 requires the submission to the voters of a constitutional amendment to open the reverse mortgage market in Texas.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 50(k) and (p), Article XVI, Texas Constitution, by redefining "reverse mortgage." Requires certain advances made on a reverse mortgage loan to be made according to certain terms established by the loan documents, rather than a requiring an advance made to be made at regular intervals according to a plan established by the original loan agreement.

SECTION 2. Requires this proposed constitutional amendment to be submitted to the voters at an election to be held on November 1, 1999. Sets forth required language for the ballot.

1-1 By: Carona S.J.R. No. 12
1-2 (In the Senate - Filed December 7, 1998; February 1, 1999,
1-3 read first time and referred to Committee on State Affairs;
1-4 March 15, 1999, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 8, Nays 0; March 15, 1999,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.J.R. No. 12

By: Nixon

1-8 SENATE JOINT RESOLUTION

1-9 proposing a constitutional amendment relating to the making of
1-10 advances under and payment of a reverse mortgage.

1-11 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Subsections (k) and (p), Section 50, Article XVI,
1-13 Texas Constitution, are amended to read as follows:

1-14 (k) "Reverse mortgage" means an extension of credit:

1-15 (1) that is secured by a voluntary lien on homestead
1-16 property created by a written agreement with the consent of each
1-17 owner and each owner's spouse;

1-18 (2) that is made to a person who is or whose spouse is
1-19 62 [55] years or older;

1-20 (3) that is made without recourse for personal
1-21 liability against each owner and the spouse of each owner;

1-22 (4) under which advances are provided to a borrower
1-23 based on the equity in a borrower's homestead or the value of the
1-24 borrower's homestead;

1-25 (5) that does not permit the lender to reduce the
1-26 amount or number of advances because of an adjustment in the
1-27 interest rate if periodic advances are to be made;

1-28 (6) that requires no payment of principal or interest
1-29 until:

1-30 (A) all borrowers have died;

1-31 (B) the homestead property securing the loan is
1-32 sold or otherwise transferred; [or]

1-33 (C) [+B+] all borrowers cease occupying the
1-34 homestead property [as--a--principal--residence] for a period of
1-35 longer than 12 consecutive months [more--than--180--consecutive--days
1-36 and--the--location--of--the--homestead--property--owner--is--unknown--to--the
1-37 lender]; or

1-38 (D) the borrower:

1-39 (i) defaults on an obligation specified in
1-40 the loan documents to repair and maintain, pay taxes on, or insure
1-41 the homestead property;

1-42 (ii) fails to maintain the priority status
1-43 of the lien; or

1-44 (iii) commits actual fraud in connection
1-45 with the loan;

1-46 (7) that provides that if the lender fails to make
1-47 loan advances as required in the loan documents and if the lender
1-48 fails to cure the default as required in the loan documents after
1-49 notice from the borrower, the lender forfeits all principal and
1-50 interest of the reverse mortgage; and

1-51 (8) that is not made unless the owner of the homestead
1-52 attests in writing that the owner received counseling regarding the
1-53 advisability and availability of reverse mortgages and other
1-54 financial alternatives.

1-55 (p) The advances made on a reverse mortgage loan under which
1-56 more than one advance is made must be made [at--regular--intervals]
1-57 according to the terms [a-plan] established by the [original] loan
1-58 documents by one or more of the following methods:

1-59 (1) at regular intervals; or

1-60 (2) at any time:

1-61 (A) on request of the borrower; or

1-62 (B) by the lender, on behalf of the borrower, to
1-63 pay any cost, fee, or other charge the borrower is obligated to pay
1-64 under the loan documents [agreement].

2-1 SECTION 2. This proposed constitutional amendment shall be
2-2 submitted to the voters at an election to be held November 2, 1999.
2-3 The ballot shall be printed to permit voting for or against the
2-4 proposition: "The constitutional amendment relating to the making
2-5 of advances under a reverse mortgage and payment of a reverse
2-6 mortgage."

2-7

* * * * *

FAVORABLY AS SUBSTITUTED
SENATE COMMITTEE REPORT ON

SB SCR (SJR) SR HB HCR HJR 12
By C. Brown
(Author/Senate Sponsor)
3/15/99
(date)

We, your Committee on STATE AFFAIRS, to which was referred the attached measure,
have on 3/11/99, had the same under consideration and I am instructed to report it
(date of hearing)
back with the recommendation (s) that it:

- ☒ do pass as substituted, and be printed
☒ the caption remained the same as original measure
☐ the caption changed with adoption of the substitute

☐ do pass as substituted, and be ordered not printed

☐ and is recommended for placement on the Local and Uncontested Bills Calendar.

A fiscal note was requested. ☒ yes ☐ no

A revised fiscal note was requested. ☒ yes ☐ no

An actuarial analysis was requested. ☐ yes ☐ no

Considered by subcommittee. ☐ yes ☐ no

The measure was reported from Committee by the following vote:

	YEA	NAY	ABSENT	PNV
Senator Shapiro, Chair	<input checked="" type="checkbox"/>			
Senator Shapleigh, Vice-Chair	<input checked="" type="checkbox"/>			
Senator Bernsen	<input checked="" type="checkbox"/>			
Senator Brown	<input checked="" type="checkbox"/>			
Senator Cain	<input checked="" type="checkbox"/>			
Senator Haywood	<input checked="" type="checkbox"/>			
Senator Lucio			<input checked="" type="checkbox"/>	
Senator Nixon	<input checked="" type="checkbox"/>			
Senator Wentworth	<input checked="" type="checkbox"/>			
TOTAL VOTES	8	0	1	0

COMMITTEE ACTION

- ☒ S260 Considered in public hearing
☒ S270 Testimony taken

Cathy R. Nottingham
COMMITTEE CLERK

Shapiro
CHAIRMAN

Paper clip the original and one copy of this signed form to the original bill along with TWO copies of the Committee Substitute
Retain one copy of this form for Committee files

WITNESS LIST

SJR 12
SENATE COMMITTEE REPORT
State Affairs Committee

March 11, 1999 - 12:30P

For: Baker, Mary R. (Self), Dallas

Comer, Mary Lee (AARP), Austin

Hernandez, Michael T. (Fannie Mae), Dallas

Scholz, Liz (Fannie Mae), Washington, DC

Stinson, Bill (Texas Association of Realtors), Austin

Registering, but not testifying:

For: Neeley, Karen (Independent Bankers Association of Texas),
Austin

O'Neal, Michael (Fannie Mae), Dallas

Rodgers, Kelly (Fannie Mae), Austin

Temple, Larry (Texas Mortgage Bankers Association), Austin

On: Petthohn, Leslie (Office of Consumer Credit Commissioner),
Austin

Written materials submitted:

For: Lehr, Mike (Texas Retired Teachers Association), Austin

On: Norcross, Rob (Texas Home Equity Lenders Group), Austin

BILL ANALYSIS

Senate Research Center
76R9105 DWS-F

C.S.S.J.R. 12
By: Carona
State Affairs
3/12/1999
Committee Report (Substituted)

DIGEST

Currently, the Texas Constitution authorizes senior citizens to obtain a reverse mortgage. Generally, a reverse mortgage, under current law, allows a senior citizen to receive an extension of credit by mortgaging the credit against the person's homestead without paying the credit until the person dies. Some of the constitutional provisions, however, conflict with federal law and force the Department of Housing and Urban Development (HUD) to not insure reverse mortgage loans in Texas. If a mortgage loan cannot be insured by HUD, the Federal National Mortgage Association (Fannie Mae), which underwrites more than 90 percent of reverse mortgages nationally, will not buy the mortgage on the secondary market. The absence of the underwriter creates a significant discouragement for lenders to offer reverse mortgage loans altogether. Opening up the mortgage market by constitutionally redefining a reverse mortgage would permit HUD to insure reverse mortgages, and, subsequently, permit Fannie Mae to buy the Texas mortgages. C.S.S.J.R. 12 would require a constitutional amendment to open the reverse mortgage market in Texas.

PURPOSE

As proposed, C.S.S.J.R. 12 requires the submission to the voters of a constitutional amendment to open the reverse mortgage market in Texas.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 50(k) and (p), Article XVI, Texas Constitution, by redefining "reverse mortgage." Requires certain advances made on a reverse mortgage loan to be made according to certain terms established by the loan documents, rather than a requiring an advance made to be made at regular intervals according to a plan established by the original loan agreement.

SECTION 2. Requires this proposed constitutional amendment to be submitted to the voters at an election to be held on November 1, 1999. Sets forth required language for the ballot.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Amends Section 50(k), Article XVI, Texas Constitution, to revise the exemption from interest or principal payments in the definition of "reverse mortgage."

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 76th Regular Session

March 15, 1999

TO: Honorable Florence Shapiro, Chair, Senate Committee on State Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: SJR12 by Carona (proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$76,352.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 466 Consumer Credit Commission

LBB Staff: JK, SD, DP

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 76th Regular Session

February 8, 1999

TO: Honorable Florence Shapiro, Chair, Senate Committee on State Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: SJR12 by Carona (Proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage.), As **Introduced**

No significant fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$76,352.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 466 Consumer Credit Commission

LBB Staff: JK, SD, DP

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cndla

ADOPTED

MAR 18 1999

Butt
Secretary of the Senate

By: Carona, Ellis

SJ.R. No. 12

Substitute the following for SJ.R. No. 12:

By: *[Signature]*
(Nixon)

C.S. SJ.R. No. 12

SENATE

A JOINT RESOLUTION

proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. ^{Subsections (k) and (p)} Sections 50(k) and (p), Article XVI, Texas Constitution, are amended to read as follows:

(k) "Reverse mortgage" means an extension of credit:

(1) that is secured by a voluntary lien on homestead property created by a written agreement with the consent of each owner and each owner's spouse;

(2) that is made to a person who is or whose spouse is 62 [55] years or older;

(3) that is made without recourse for personal liability against each owner and the spouse of each owner;

(4) under which advances are provided to a borrower based on the equity in a borrower's homestead or the value of the borrower's homestead;

(5) that does not permit the lender to reduce the amount or number of advances because of an adjustment in the interest rate if periodic advances are to be made;

(6) that requires no payment of principal or interest until:

(A) all borrowers have died;

(B) the homestead property securing the loan is sold or otherwise transferred; [or]

*replaced by
conference
report*

3-15-99
3-18-99

1 (C) [~~+~~B~~+~~] all borrowers cease occupying the
2 homestead property [~~as--a--principal--residence~~] for a period of
3 longer than 12 consecutive months [~~more--than--180--consecutive--days~~
4 ~~and--the--location--of--the--homestead--property--owner--is--unknown--to--the~~
5 ~~lender~~]; or

6 (D) the borrower:

7 (i) defaults on an obligation specified in
8 the loan documents to repair and maintain, pay taxes on, or insure
9 the homestead property;

10 (ii) fails to maintain the priority status
11 of the lien; or

12 (iii) commits actual fraud in connection
13 with the loan;

14 (7) that provides that if the lender fails to make
15 loan advances as required in the loan documents and if the lender
16 fails to cure the default as required in the loan documents after
17 notice from the borrower, the lender forfeits all principal and
18 interest of the reverse mortgage; and

19 (8) that is not made unless the owner of the homestead
20 attests in writing that the owner received counseling regarding the
21 advisability and availability of reverse mortgages and other
22 financial alternatives.

23 (p) The advances made on a reverse mortgage loan under which
24 more than one advance is made must be made [~~at--regular--intervals~~]
25 according to the terms [~~a-plan~~] established by the [~~original~~] loan
26 documents by one or more of the following methods:

27 (1) at regular intervals; or 2/3

1 (2) at any time:

2 (A) on request of the borrower; or

3 (B) by the lender, on behalf of the borrower, to
4 pay any cost, fee, or other charge the borrower is obligated to pay
5 under the loan documents [agreement].

6 SECTION 2. This proposed constitutional amendment shall be
7 submitted to the voters at an election to be held November 2, 1999.
8 The ballot shall be printed to permit voting for or against the
9 proposition: "The constitutional amendment relating to the making
10 of advances under a reverse mortgage and payment of a reverse
11 mortgage."

March 18 19 99 Engrossed

Ratsy Daw
Engrossing Clerk

Every bill to be a true and correct
copy of the indicated document or
resolution, transmitted to committee.

Clerk of the House

By: Carona, Ellis

S.J.R. No. 12

SENATE JOINT RESOLUTION

proposing a constitutional amendment relating to the making of
advances under and payment of a reverse mortgage.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subsections (k) and (p), Section 50, Article XVI,
Texas Constitution, are amended to read as follows:

(k) "Reverse mortgage" means an extension of credit:

(1) that is secured by a voluntary lien on homestead
property created by a written agreement with the consent of each
owner and each owner's spouse;

(2) that is made to a person who is or whose spouse is
62 [55] years or older;

(3) that is made without recourse for personal
liability against each owner and the spouse of each owner;

(4) under which advances are provided to a borrower
based on the equity in a borrower's homestead or the value of the
borrower's homestead;

(5) that does not permit the lender to reduce the
amount or number of advances because of an adjustment in the
interest rate if periodic advances are to be made;

(6) that requires no payment of principal or interest
until:

(A) all borrowers have died;

(B) the homestead property securing the loan is
sold or otherwise transferred; [or]

(C) [~~or~~] all borrowers cease occupying the

1 homestead property [~~as--a--principal--residence~~] for a period of
2 longer than 12 consecutive months [~~more--than--180--consecutive--days~~
3 ~~and--the--location--of--the--homestead--property--owner--is--unknown--to--the~~
4 ~~lender~~]; or

5 (D) the borrower:

6 (i) defaults on an obligation specified in
7 the loan documents to repair and maintain, pay taxes on, or insure
8 the homestead property;

9 (ii) fails to maintain the priority status
10 of the lien; or

11 (iii) commits actual fraud in connection
12 with the loan;

13 (7) that provides that if the lender fails to make
14 loan advances as required in the loan documents and if the lender
15 fails to cure the default as required in the loan documents after
16 notice from the borrower, the lender forfeits all principal and
17 interest of the reverse mortgage; and

18 (8) that is not made unless the owner of the homestead
19 attests in writing that the owner received counseling regarding the
20 advisability and availability of reverse mortgages and other
21 financial alternatives.

22 (p) The advances made on a reverse mortgage loan under which
23 more than one advance is made must be made [~~at--regular--intervals~~]
24 according to the terms [~~a--plan~~] established by the [~~original~~] loan
25 documents by one or more of the following methods:

26 (1) at regular intervals; or

1 (2) at any time:

2 (A) on request of the borrower; or

3 (B) by the lender, on behalf of the borrower, to
4 pay any cost, fee, or other charge the borrower is obligated to pay
5 under the loan documents [agreement].

6 SECTION 2. This proposed constitutional amendment shall be
7 submitted to the voters at an election to be held November 2, 1999.
8 The ballot shall be printed to permit voting for or against the
9 proposition: "The constitutional amendment relating to the making
10 of advances under a reverse mortgage and payment of a reverse
11 mortgage."

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 76th Regular Session

March 15, 1999

TO: Honorable Florence Shapiro, Chair, Senate Committee on State Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: **SJR12** by Carona (proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$76,352.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 466 Consumer Credit Commission

LBB Staff: JK, SD, DP

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 76th Regular Session

February 8, 1999

TO: Honorable Florence Shapiro, Chair, Senate Committee on State Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: SJR12 by Carona (Proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage.), As **Introduced**

No significant fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$76,352.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 466 Consumer Credit Commission

LBB Staff: JK, SD, DP

HOUSE COMMITTEE REPORT

1st Printing

19 MAY 12 AM 12:30
HOUSE OF REPRESENTATIVES

By Carona
(Hochberg, Wolens)

Substitute the following for S.J.R. No. 12:

By Solomons

S.J.R. No. 12

C.S.S.J.R. No. 12

A JOINT RESOLUTION

proposing a constitutional amendment relating to the making of
advances under and payment of a reverse mortgage.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 50(k), (p), and (r), Article XVI, Texas
Constitution, are amended to read as follows:

(k) "Reverse mortgage" means an extension of credit:

(1) that is secured by a voluntary lien on homestead
property created by a written agreement with the consent of each
owner and each owner's spouse;

(2) that is made to a person who is or whose spouse is
62 [55] years or older;

(3) that is made without recourse for personal
liability against each owner and the spouse of each owner;

(4) under which advances are provided to a borrower
based on the equity in a borrower's homestead;

(5) that does not permit the lender to reduce the
amount or number of advances because of an adjustment in the
interest rate if periodic advances are to be made;

(6) that requires no payment of principal or interest
until:

(A) all borrowers have died;

(B) the homestead property securing the loan is
sold or otherwise transferred; [or]

(C) all borrowers cease occupying the homestead

1 property for a period of longer than 12 consecutive months without
2 prior written approval from the lender; or

3 (D) the borrower:

4 (i) defaults on an obligation specified in
5 the loan documents to repair and maintain, pay taxes and
6 assessments on, or insure the homestead property;

7 (ii) commits actual fraud in connection
8 with the loan; or

9 (iii) fails to maintain the priority of
10 the lender's lien on the homestead property, after the lender gives
11 notice to the borrower, by promptly discharging any lien that has
12 priority or may obtain priority over the lender's lien within 10
13 days after the date the borrower receives the notice, unless the
14 borrower:

15 (a) agrees in writing to the payment
16 of the obligation secured by the lien in a manner acceptable to the
17 lender;

18 (b) contests in good faith the lien
19 by, or defends against enforcement of the lien in, legal
20 proceedings so as to prevent the enforcement of the lien or
21 forfeiture of any part of the homestead property; or

22 (c) secures from the holder of the
23 lien an agreement satisfactory to the lender subordinating the lien
24 to all amounts secured by the lender's lien on the homestead
25 property

26 [B]--all-borrowers-cease-occupying-the-homestead
27 property--as--a--principal--residence-for-more-than-180-consecutive

1 ~~days-and-the-location-of-the-homestead-property-owner-is-unknown-to~~
2 ~~the-lender];~~

3 (7) that provides that if the lender fails to make
4 loan advances as required in the loan documents and if the lender
5 fails to cure the default as required in the loan documents after
6 notice from the borrower, the lender forfeits all principal and
7 interest of the reverse mortgage; [and]

8 (8) that is not made unless the owner of the homestead
9 attests in writing that the owner received counseling regarding the
10 advisability and availability of reverse mortgages and other
11 financial alternatives;

12 (9) that requires the lender, at the time the loan is
13 made, to disclose to the borrower by written notice the specific
14 provisions contained in Subdivision (6) of this subsection under
15 which the borrower is required to repay the loan;

16 (10) that does not permit the lender to commence
17 foreclosure until the lender gives notice to the borrower, in the
18 manner provided for a notice by mail related to the foreclosure of
19 liens under Subsection (a)(6) of this section, that a ground for
20 foreclosure exists and gives the borrower at least 30 days, or at
21 least 20 days in the event of a default under Subdivision
22 (6)(D)(iii) of this subsection, to:

23 (A) remedy the condition creating the ground for
24 foreclosure;

25 (B) pay the debt secured by the homestead
26 property from proceeds of the sale of the homestead property by the
27 borrower or from any other sources; or

1 (C) convey the homestead property to the lender
2 by a deed in lieu of foreclosure; and

3 (11) that is secured by a lien that may be foreclosed
4 upon only by a court order, if the foreclosure is for a ground
5 other than a ground stated by Subdivision (6)(A) or (B) of this
6 subsection.

7 (p) The advances made on a reverse mortgage loan under which
8 more than one advance is made must be made [~~at-regular-intervals~~]
9 according to the terms [~~a-plan~~] established by the [~~original~~] loan
10 documents by one or more of the following methods:

11 (1) at regular intervals;

12 (2) at regular intervals in which the amounts advanced
13 may be reduced, for one or more advances, at the request of the
14 borrower; or

15 (3) at any time by the lender, on behalf of the
16 borrower, if the borrower fails to timely pay any of the following
17 that the borrower is obligated to pay under the loan documents to
18 the extent necessary to protect the lender's interest in or the
19 value of the homestead property:

20 (A) taxes;

21 (B) insurance;

22 (C) costs of repairs or maintenance performed by
23 a person or company that is not an employee of the lender or a
24 person or company that directly or indirectly controls, is
25 controlled by, or is under common control with the lender;

26 (D) assessments levied against the homestead
27 property; and

1 (E) any lien that has, or may obtain, priority
2 over the lender's lien as it is established in the loan documents
3 [agreement].

4 (r) The supreme court shall promulgate rules of civil
5 procedure for expedited foreclosure proceedings related to the
6 foreclosure of liens under Subsection (a)(6) of this section and to
7 foreclosure of a reverse mortgage lien that requires a court order.

8 SECTION 2. This proposed constitutional amendment shall be
9 submitted to the voters at an election to be held November 2, 1999.
10 The ballot shall be printed to permit voting for or against the
11 proposition: "The constitutional amendment relating to the making
12 of advances under a reverse mortgage and payment of a reverse
13 mortgage."

COMMITTEE REPORT

The Honorable James E. "Pete" Laney
Speaker of the House of Representatives

5/6/99
(date)

Sir:

We, your COMMITTEE ON FINANCIAL INSTITUTIONS

to whom was referred SJR 12 have had the same under consideration and beg to report back with the recommendation that it

- () do pass, without amendment.
- () do pass, with amendment(s).
- ☒ do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.
- ☒ yes () no A fiscal note was requested.
- () yes ☒ no A criminal justice policy impact statement was requested.
- () yes ☒ no An equalized educational funding impact statement was requested.
- () yes ☒ no An actuarial analysis was requested.
- () yes ☒ no A water development policy impact statement was requested.
- () yes ☒ no A tax equity note was requested.
- () The Committee recommends that this measure be sent to the Committee on Local and Consent Calendars.

For Senate Measures: House Sponsor HOCHBERG

Joint Sponsors: WOLENS / / /

Co-Sponsors: _____

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Averitt, Chair	X			
Solomons, Vice-chair	X			
Denny	X			
Ehrhardt	X			
Elkins	X			
Grusendorf	X			
Marchant	X			
Pitts				X
Solis, Juan				X

Total 7 aye
 0 nay
 0 present, not voting
 2 absent

160 Amended
CHAIR

BILL ANALYSIS

Office of House Bill Analysis

C.S.S.J.R. 12
By: Carona
Financial Institutions
5/10/1999
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, the Texas Constitution authorizes senior citizens to obtain a reverse mortgage. Generally, a reverse mortgage, under current law, allows a senior citizen to receive an extension of credit by mortgaging the credit against the person's homestead without paying the credit until the person dies. As proposed, C.S.S.J.R. 12 requires the submission to the voters of a constitutional amendment relating to the making of advances under a reverse mortgage and payment of a reverse mortgage.

RULEMAKING AUTHORITY

It is the opinion of the Office of House Bill Analysis that rulemaking authority previously delegated to the Texas Supreme Court is modified in SECTION 1 (Section 50, Article XVI, Texas Constitution) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subsections (k), (p), and (r), Section 50, Article XVI, Texas Constitution, as follows:

(k) Defines "reverse mortgage" as an extension of credit:

(1) Makes no change;

(2) that is made to a person who is or whose spouse is 62, rather than 55, years or older;

(3)-(5) Makes no change;

(6) that requires no payment of principal or interest until all borrowers have died, the homestead property securing the loan is sold or transferred, all borrowers cease occupying the homestead property for a period of longer than 12 consecutive months without prior written approval from the lender, rather than for 100 consecutive days and the location of the homestead property owner is unknown to the lender; or the borrower commits one of the enumerated violations; and

(7) that provides that if the lender fails to make loan advances as required in the loan documents and if the lender fails to cure the default as required in the loan documents after notice from the borrower, the lender forfeits all principal and interest of the reverse mortgage;

(8) Makes a conforming change;

(9) that requires the lender, at the time the loan is made, to disclose to the borrower by written notice the specific provisions contained in Subdivision (6) under which the borrower is required to repay the loan;

(10) that does not permit the lender to commence foreclosure until the lender gives written notice to the borrower that a ground for foreclosure exists and gives the borrower at least 30 days, or at least 20 days in the event of a default under Subdivision (6), to carry out the enumerated actions to remedy the default leading to the foreclosure; and

(11) that is secured by a lien that may be foreclosed upon only by a court order, if the

foreclosure is for a ground other than a ground stated by Subdivision (6).

(p) Provides that the advances made on a reverse mortgage loan under which more than one advance is made must be made according to the terms established by the loan documents by one or more of the specified methods, rather than providing that an advance made must be made at regular intervals according to a plan established by the original loan agreement.

(r) Requires the supreme court to promulgate rules of civil procedure for expedited foreclosure proceedings related to foreclosure of a reverse mortgage lien that requires a court order.

SECTION 2. Requires this proposed constitutional amendment to be submitted to the voters at an election to be held on November 2, 1999. Sets forth the required language for the ballot.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute modifies the original bill in SECTION 1 (Section 50(k), Article XVI, Texas Constitution) by making conforming changes and other changes, as follows:

(k)(1)-(3) Makes no change;

(4) Removes the provision permitting advances to be based on "the value of the borrower's homestead;"

(5) Makes no change;

(6) Adds new provisions to provide that a reverse mortgage means an extension of credit that requires no payment of principal or interest until:

- borrowers cease to occupying the property for more than 12 consecutive months without prior written approval of the lender, rather than simply cease occupying the property for more than 12 consecutive months; or;
- the borrower fails to pay assessments, as well as taxes, or maintain the priority of the lender's lien on the homestead property by promptly discharging any lien that has priority or may obtain priority over the lender's lien within 10 days after the date the borrower receives the notice, unless borrower performs enumerated actions related to reconciling the lien;

(7)-(8) Makes no change;

(9) New subdivision. Provides that a reverse mortgage is an extension of credit that requires the lender, at the time the loan is made, to disclose to the borrower by written notice the specific provisions contained in Subdivision (6) under which the borrower is required to repay the loan;

(10) New subdivision. Provides that a reverse mortgage is an extension of credit that does not permit the lender to commence foreclosure until the lender gives written notice to the borrower that a ground for foreclosure exists and gives the borrower at least 30 days, or at least 20 days in the event of a default under Subdivision (6), to carry out the enumerated actions to remedy the default leading to the foreclosure; and

(11) New subdivision. Provides that a reverse mortgage is an extension of credit that is secured by a lien that may be foreclosed upon only by a court order, if the foreclosure is for a ground other than a ground stated by Subdivision (6).

The substitute modifies the original bill in SECTION 1 (Section 50(p), Article XVI, Texas Constitution) by adding the following methods to provide that reverse mortgage advances must be made at regular intervals or:

- at regular intervals in which the amounts advanced may be reduced, for one or more

advances, at the request of the borrower; or

- at any time by the lender, on behalf of the borrower, if the borrower fails to timely pay any of the enumerated items for which the borrower is obligated to protect the lender's interest in or the value of the homestead property.

The substitute modifies the original bill in SECTION 1 by amending Section 50(r), Article XVI, Texas Constitution to require the supreme court to promulgate rules of civil procedure for expedited foreclosure proceedings related to the foreclosure of liens under Subdivision (a)(6) and to foreclosure of a reverse mortgage lien that requires a court order. Subsection (r) was not addressed by the original resolution.

SUMMARY OF COMMITTEE ACTION

SJR 12

April 6, 1999 3:00PM
Considered in public hearing
Testimony taken in committee
Left pending in committee

April 26, 1999 3:00PM
Considered in public hearing
Testimony taken in committee
Committee substitute considered in committee
Left pending in committee

May 6, 1999 upon adjournment
Considered in formal meeting
Committee substitute considered in committee
Reported favorably as substituted

WITNESS LIST

SJR 12
HOUSE COMMITTEE REPORT
Financial Institutions Committee

April 6, 1999 - 3:00PM

For: Gillespie, Robin (Fannie Mae)
Stinson, Bill (Texas Association of Realtors)

Registering, but not testifying:

For: Comer, Mary Lee (AARP)
Temple, Larry (Texas Mortgage Bankers Association)
On: Norcross, Rob (IBAT, TCUL, Tx Financial Svcs Assn, TBA,
Tx Mortgage Bankers Assn, Tx Savings & Commun Bankers
Assn)

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 76th Regular Session

May 8, 1999

TO: Honorable Kip Averitt, Chair, House Committee on Financial Institutions

FROM: John Keel, Director, Legislative Budget Board

IN RE: **SJR12** by Carona (proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$76,352.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 466 Consumer Credit Commission

LBB Staff: JK, TH, SD, DP

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 76th Regular Session

March 25, 1999

TO: Honorable Kip Averitt, Chair, House Committee on Financial Institutions

FROM: John Keel, Director, Legislative Budget Board

IN RE: **SJR12** by Carona (Proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage.), **As Engrossed**

No significant fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$76,352.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 466 Consumer Credit Commission

LBB Staff: JK, TH, SD, DP

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 76th Regular Session

March 15, 1999

TO: Honorable Florence Shapiro, Chair, Senate Committee on State Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: SJR12 by Carona (proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$76,352.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 466 Consumer Credit Commission

LBB Staff: JK, SD, DP

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 76th Regular Session

February 8, 1999

TO: Honorable Florence Shapiro, Chair, Senate Committee on State Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: SJR12 by Carona (Proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage.), **As Introduced**

No significant fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$76,352.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 466 Consumer Credit Commission

LBB Staff: JK, SD, DP

CORRECTED
HOUSE
COMMITTEE REPORT

1st Printing

By Carona
(Hochberg, Wolens)

S.J.R. No. 12

Substitute the following for S.J.R. No. 12:

By Solomons

C.S.S.J.R. No. 12

A JOINT RESOLUTION

proposing a constitutional amendment relating to the making of
advances under and payment of a reverse mortgage.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 50(k), (p), and (r), Article XVI, Texas
Constitution, are amended to read as follows:

(k) "Reverse mortgage" means an extension of credit:

(1) that is secured by a voluntary lien on homestead
property created by a written agreement with the consent of each
owner and each owner's spouse;

(2) that is made to a person who is or whose spouse is
62 [55] years or older;

(3) that is made without recourse for personal
liability against each owner and the spouse of each owner;

(4) under which advances are provided to a borrower
based on the equity in a borrower's homestead;

(5) that does not permit the lender to reduce the
amount or number of advances because of an adjustment in the
interest rate if periodic advances are to be made;

(6) that requires no payment of principal or interest
until:

(A) all borrowers have died;

(B) the homestead property securing the loan is
sold or otherwise transferred; [or]

(C) all borrowers cease occupying the homestead

1 property for a period of longer than 12 consecutive months without
2 prior written approval from the lender; or

3 (D) the borrower:

4 (i) defaults on an obligation specified in
5 the loan documents to repair and maintain, pay taxes and
6 assessments on, or insure the homestead property;

7 (ii) commits actual fraud in connection
8 with the loan; or

9 (iii) fails to maintain the priority of
10 the lender's lien on the homestead property, after the lender gives
11 notice to the borrower, by promptly discharging any lien that has
12 priority or may obtain priority over the lender's lien within 10
13 days after the date the borrower receives the notice, unless the
14 borrower:

15 (a) agrees in writing to the payment
16 of the obligation secured by the lien in a manner acceptable to the
17 lender;

18 (b) contests in good faith the lien
19 by, or defends against enforcement of the lien in, legal
20 proceedings so as to prevent the enforcement of the lien or
21 forfeiture of any part of the homestead property; or

22 (c) secures from the holder of the
23 lien an agreement satisfactory to the lender subordinating the lien
24 to all amounts secured by the lender's lien on the homestead
25 property

26 [B]--all-borrowers-cease-occupying-the-homestead
27 property--as--a--principal--residence-for-more-than-180-consecutive

1 ~~days-and-the-location-of-the-homestead-property-owner-is-unknown-to~~
2 ~~the-lender~~];

3 (7) that provides that if the lender fails to make
4 loan advances as required in the loan documents and if the lender
5 fails to cure the default as required in the loan documents after
6 notice from the borrower, the lender forfeits all principal and
7 interest of the reverse mortgage; [and]

8 (8) that is not made unless the owner of the homestead
9 attests in writing that the owner received counseling regarding the
10 advisability and availability of reverse mortgages and other
11 financial alternatives;

12 (9) that requires the lender, at the time the loan is
13 made, to disclose to the borrower by written notice the specific
14 provisions contained in Subdivision (6) of this subsection under
15 which the borrower is required to repay the loan;

16 (10) that does not permit the lender to commence
17 foreclosure until the lender gives notice to the borrower, in the
18 manner provided for a notice by mail related to the foreclosure of
19 liens under Subsection (a)(6) of this section, that a ground for
20 foreclosure exists and gives the borrower at least 30 days, or at
21 least 20 days in the event of a default under Subdivision
22 (6)(D)(iii) of this subsection, to:

23 (A) remedy the condition creating the ground for
24 foreclosure;

25 (B) pay the debt secured by the homestead
26 property from proceeds of the sale of the homestead property by the
27 borrower or from any other sources; or

1 (C) convey the homestead property to the lender
2 by a deed in lieu of foreclosure; and

3 (11) that is secured by a lien that may be foreclosed
4 upon only by a court order, if the foreclosure is for a ground
5 other than a ground stated by Subdivision (6)(A) or (B) of this
6 subsection.

7 (p) The advances made on a reverse mortgage loan under which
8 more than one advance is made must be made [~~at-regular-intervals~~]
9 according to the terms [~~a-plan~~] established by the [~~original~~] loan
10 documents by one or more of the following methods:

11 (1) at regular intervals;

12 (2) at regular intervals in which the amounts advanced
13 may be reduced, for one or more advances, at the request of the
14 borrower; or

15 (3) at any time by the lender, on behalf of the
16 borrower, if the borrower fails to timely pay any of the following
17 that the borrower is obligated to pay under the loan documents to
18 the extent necessary to protect the lender's interest in or the
19 value of the homestead property:

20 (A) taxes;

21 (B) insurance;

22 (C) costs of repairs or maintenance performed by
23 a person or company that is not an employee of the lender or a
24 person or company that directly or indirectly controls, is
25 controlled by, or is under common control with the lender;

26 (D) assessments levied against the homestead
27 property; and

1 (E) any lien that has, or may obtain, priority
2 over the lender's lien as it is established in the loan documents
3 [agreement].

4 (r) The supreme court shall promulgate rules of civil
5 procedure for expedited foreclosure proceedings related to the
6 foreclosure of liens under Subsection (a)(6) of this section and to
7 foreclosure of a reverse mortgage lien that requires a court order.

8 SECTION 2. This proposed constitutional amendment shall be
9 submitted to the voters at an election to be held November 2, 1999.
10 The ballot shall be printed to permit voting for or against the
11 proposition: "The constitutional amendment relating to the making
12 of advances under a reverse mortgage and payment of a reverse
13 mortgage."

COMMITTEE REPORT

The Honorable James E. "Pete" Laney
Speaker of the House of Representatives

5/6/99
(date)

Sir:

We, your COMMITTEE ON FINANCIAL INSTITUTIONS

to whom was referred SJR 12 have had the same under consideration and beg to report back with the recommendation that it

- () do pass, without amendment.
- () do pass, with amendment(s).
- ☒ do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.
- ☒ yes () no A fiscal note was requested.
- () yes ☒ no A criminal justice policy impact statement was requested.
- () yes ☒ no An equalized educational funding impact statement was requested.
- () yes ☒ no An actuarial analysis was requested.
- () yes ☒ no A water development policy impact statement was requested.
- () yes ☒ no A tax equity note was requested.
- () The Committee recommends that this measure be sent to the Committee on Local and Consent Calendars.

For Senate Measures: House Sponsor HOCHBERG

Joint Sponsors: WOLENS , ,

Co-Sponsors: _____

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Averitt, Chair	X			
Solomons, Vice-chair	X			
Denny	X			
Ehrhardt	X			
Elkins	X			
Grusendorf	X			
Marchant	X			
Pitts				X
Solis, Juan				X

Total 7 aye
 0 nay
 0 present, not voting
 2 absent

16 Amend
CHAIR

BILL ANALYSIS

Office of House Bill Analysis

C.S.S.J.R. 12
By: Carona
Financial Institutions
5/10/1999
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, the Texas Constitution authorizes senior citizens to obtain a reverse mortgage. Generally, a reverse mortgage, under current law, allows a senior citizen to receive an extension of credit by mortgaging the credit against the person's homestead without paying the credit until the person dies. As proposed, C.S.S.J.R. 12 requires the submission to the voters of a constitutional amendment relating to the making of advances under a reverse mortgage and payment of a reverse mortgage.

RULEMAKING AUTHORITY

It is the opinion of the Office of House Bill Analysis that rulemaking authority previously delegated to the Texas Supreme Court is modified in SECTION 1 (Section 50, Article XVI, Texas Constitution) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subsections (k), (p), and (r), Section 50, Article XVI, Texas Constitution, as follows:

(k) Defines "reverse mortgage" as an extension of credit:

(1) Makes no change;

(2) that is made to a person who is or whose spouse is 62, rather than 55, years or older;

(3)-(5) Makes no change;

(6) that requires no payment of principal or interest until all borrowers have died, the homestead property securing the loan is sold or transferred, all borrowers cease occupying the homestead property for a period of longer than 12 consecutive months without prior written approval from the lender, rather than for 180 consecutive days and the location of the homestead property owner is unknown to the lender; or the borrower commits one of the enumerated violations; and

(7) that provides that if the lender fails to make loan advances as required in the loan documents and if the lender fails to cure the default as required in the loan documents after notice from the borrower, the lender forfeits all principal and interest of the reverse mortgage;

(8) Makes a conforming change;

(9) that requires the lender, at the time the loan is made, to disclose to the borrower by written notice the specific provisions contained in Subdivision (6) under which the borrower is required to repay the loan;

(10) that does not permit the lender to commence foreclosure until the lender gives written notice to the borrower that a ground for foreclosure exists and gives the borrower at least 30 days, or at least 20 days in the event of a default under Subdivision (6)(D)(iii), to carry out the enumerated actions to remedy the default leading to the foreclosure; and

(11) that is secured by a lien that may be foreclosed upon only by a court order, if the

foreclosure is for a ground other than a ground stated by Subdivision (6)(A) or (B).

(p) Provides that the advances made on a reverse mortgage loan under which more than one advance is made must be made according to the terms established by the loan documents by one or more of the specified methods, rather than providing that an advance made must be made at regular intervals according to a plan established by the original loan agreement.

(r) Requires the supreme court to promulgate rules of civil procedure for expedited foreclosure proceedings related to foreclosure of a reverse mortgage lien that requires a court order.

SECTION 2. Requires this proposed constitutional amendment to be submitted to the voters at an election to be held on November 2, 1999. Sets forth the required language for the ballot.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute modifies the original bill in SECTION 1 (Section 50(k), Article XVI, Texas Constitution) by making conforming changes and other changes, as follows:

(k)(1)-(3) Makes no change;

(4) Removes the provision permitting advances to be based on "the value of the borrower's homestead;"

(5) Makes no change;

(6) Adds new provisions to provide that a reverse mortgage means an extension of credit that requires no payment of principal or interest until:

- borrowers cease to occupying the property for more than 12 consecutive months without prior written approval of the lender, rather than simply cease occupying the property for more than 12 consecutive months; or;
- the borrower fails to pay assessments, as well as taxes, or maintain the priority of the lender's lien on the homestead property by promptly discharging any lien that has priority or may obtain priority over the lender's lien within 10 days after the date the borrower receives the notice, unless borrower performs enumerated actions related to reconciling the lien;

(7)-(8) Makes no change;

(9) New subdivision. Provides that a reverse mortgage is an extension of credit that requires the lender, at the time the loan is made, to disclose to the borrower by written notice the specific provisions contained in Subdivision (6) under which the borrower is required to repay the loan;

(10) New subdivision. Provides that a reverse mortgage is an extension of credit that does not permit the lender to commence foreclosure until the lender gives written notice to the borrower that a ground for foreclosure exists and gives the borrower at least 30 days, or at least 20 days in the event of a default under Subdivision (6)(D)(iii), to carry out the enumerated actions to remedy the default leading to the foreclosure; and

(11) New subdivision. Provides that a reverse mortgage is an extension of credit that is secured by a lien that may be foreclosed upon only by a court order, if the foreclosure is for a ground other than a ground stated by Subdivision (6)(A) or (B).

The substitute modifies the original bill in SECTION 1 (Section 50(p), Article XVI, Texas Constitution) by adding the following methods to provide that reverse mortgage advances must be made at regular intervals or:

- at regular intervals in which the amounts advanced may be reduced, for one or more advances, at the request of the borrower; or
- at any time by the lender, on behalf of the borrower, if the borrower fails to timely pay any of the enumerated items for which the borrower is obligated to protect the lender's interest in or the value of the homestead property.

The substitute modifies the original bill in SECTION 1 by amending Section 50(r), Article XVI, Texas Constitution to require the supreme court to promulgate rules of civil procedure for expedited foreclosure proceedings related to the foreclosure of liens under Subdivision (a)(6) and to foreclosure of a reverse mortgage lien that requires a court order. Subsection (r) was not addressed by the original resolution.

SUMMARY OF COMMITTEE ACTION

SJR 12

April 6, 1999 3:00PM
Considered in public hearing
Testimony taken in committee
Left pending in committee

April 26, 1999 3:00PM
Considered in public hearing
Testimony taken in committee
Committee substitute considered in committee
Left pending in committee

May 6, 1999 upon adjournment
Considered in formal meeting
Committee substitute considered in committee
Reported favorably as substituted

WITNESS LIST

SJR 12
HOUSE COMMITTEE REPORT
Financial Institutions Committee

April 6, 1999 - 3:00PM

For: Gillespie, Robin (Fannie Mae)
Stinson, Bill (Texas Association of Realtors)

Registering, but not testifying:

For: Comer, Mary Lee (AARP)
Temple, Larry (Texas Mortgage Bankers Association)
On: Norcross, Rob (IBAT, TCUL, Tx Financial Svcs Assn, TBA,
Tx Mortgage Bankers Assn, Tx Savings & Commun Bankers
Assn)

5

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 76th Regular Session

May 8, 1999

TO: Honorable Kip Averitt, Chair, House Committee on Financial Institutions

FROM: John Keel, Director, Legislative Budget Board

IN RE: **SJR12** by Carona (proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$76,352.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 466 Consumer Credit Commission

LBB Staff: JK, TH, SD, DP

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 76th Regular Session

March 25, 1999

TO: Honorable Kip Averitt, Chair, House Committee on Financial Institutions

FROM: John Keel, Director, Legislative Budget Board

IN RE: **SJR12** by Carona (Proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage.), **As Engrossed**

No significant fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$76,352.

Local Government Impact

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Source Agencies: 466 Consumer Credit Commission

LBB Staff: JK, TH, SD, DP

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 76th Regular Session

March 15, 1999

TO: Honorable Florence Shapiro, Chair, Senate Committee on State Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: **SJR12** by Carona (proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$76,352.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 466 Consumer Credit Commission

LBB Staff: JK, SD, DP

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 76th Regular Session

February 8, 1999

TO: Honorable Florence Shapiro, Chair, Senate Committee on State Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: SJR12 by Carona (Proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage.), **As Introduced**

No significant fiscal implication to the State is anticipated, other than the cost of publication.

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Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 466 Consumer Credit Commission

LBB Staff: JK, SD, DP

ADOPTED

MAY 18 1999

Sharon Carter
Chief Clerk
House of Representatives

By CARONA

SJ.R. No. 12

Substitute the following for SJ.R. No. 12:

By SOLOMONS

C.S. SJ.R. No. 12

A JOINT RESOLUTION

proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 50(k), (p), and (r), Article XVI, Texas Constitution, are amended to read as follows:

(k) "Reverse mortgage" means an extension of credit:

(1) that is secured by a voluntary lien on homestead property created by a written agreement with the consent of each owner and each owner's spouse;

(2) that is made to a person who is or whose spouse is 62 [55] years or older;

(3) that is made without recourse for personal liability against each owner and the spouse of each owner;

(4) under which advances are provided to a borrower based on the equity in a borrower's homestead;

(5) that does not permit the lender to reduce the amount or number of advances because of an adjustment in the interest rate if periodic advances are to be made;

(6) that requires no payment of principal or interest until:

(A) all borrowers have died;

(B) the homestead property securing the loan is sold or otherwise transferred; [or]

(C) all borrowers cease occupying the homestead

1 property for a period of longer than 12 consecutive months without
2 prior written approval from the lender; or

3 (D) the borrower:

4 (i) defaults on an obligation specified in
5 the loan documents to repair and maintain, pay taxes and
6 assessments on, or insure the homestead property;

7 (ii) commits actual fraud in connection
8 with the loan; or

9 (iii) fails to maintain the priority of
10 the lender's lien on the homestead property, after the lender gives
11 notice to the borrower, by promptly discharging any lien that has
12 priority or may obtain priority over the lender's lien within 10
13 days after the date the borrower receives the notice, unless the
14 borrower:

15 (a) agrees in writing to the payment
16 of the obligation secured by the lien in a manner acceptable to the
17 lender;

18 (b) contests in good faith the lien
19 by, or defends against enforcement of the lien in, legal
20 proceedings so as to prevent the enforcement of the lien or
21 forfeiture of any part of the homestead property; or

22 (c) secures from the holder of the
23 lien an agreement satisfactory to the lender subordinating the lien
24 to all amounts secured by the lender's lien on the homestead
25 property

26 [B]--all-borrowers-cease-occupying-the-homestead
27 property--as--a--principal--residence-for-more-than-180-consecutive

1 ~~days-and-the-location-of-the-homestead-property-owner-is-unknown-to~~
2 ~~the-lender~~];

3 (7) that provides that if the lender fails to make
4 loan advances as required in the loan documents and if the lender
5 fails to cure the default as required in the loan documents after
6 notice from the borrower, the lender forfeits all principal and
7 interest of the reverse mortgage; [and]

8 (8) that is not made unless the owner of the homestead
9 attests in writing that the owner received counseling regarding the
10 advisability and availability of reverse mortgages and other
11 financial alternatives;

12 (9) that requires the lender, at the time the loan is
13 made, to disclose to the borrower by written notice the specific
14 provisions contained in Subdivision (6) of this subsection under
15 which the borrower is required to repay the loan;

16 (10) that does not permit the lender to commence
17 foreclosure until the lender gives notice to the borrower, in the
18 manner provided for a notice by mail related to the foreclosure of
19 liens under Subsection (a)(6) of this section, that a ground for
20 foreclosure exists and gives the borrower at least 30 days, or at
21 least 20 days in the event of a default under Subdivision
22 (6)(D)(iii) of this subsection, to:

23 (A) remedy the condition creating the ground for
24 foreclosure;

25 (B) pay the debt secured by the homestead
26 property from proceeds of the sale of the homestead property by the
27 borrower or from any other sources; or

1 (C) convey the homestead property to the lender
2 by a deed in lieu of foreclosure; and

3 (11) that is secured by a lien that may be foreclosed
4 upon only by a court order, if the foreclosure is for a ground
5 other than a ground stated by Subdivision (6)(A) or (B) of this
6 subsection.

7 (p) The advances made on a reverse mortgage loan under which
8 more than one advance is made must be made [~~at-regular-intervals~~]
9 according to the terms [~~a-plan~~] established by the [~~original~~] loan
10 documents by one or more of the following methods:

11 (1) at regular intervals;

12 (2) at regular intervals in which the amounts advanced
13 may be reduced, for one or more advances, at the request of the
14 borrower; or

15 (3) at any time by the lender, on behalf of the
16 borrower, if the borrower fails to timely pay any of the following
17 that the borrower is obligated to pay under the loan documents to
18 the extent necessary to protect the lender's interest in or the
19 value of the homestead property:

20 (A) taxes;

21 (B) insurance;

22 (C) costs of repairs or maintenance performed by
23 a person or company that is not an employee of the lender or a
24 person or company that directly or indirectly controls, is
25 controlled by, or is under common control with the lender;

26 (D) assessments levied against the homestead
27 property; and

1 (E) any lien that has, or may obtain, priority
2 over the lender's lien as it is established in the loan documents
3 [agreement].

4 (r) The supreme court shall promulgate rules of civil
5 procedure for expedited foreclosure proceedings related to the
6 foreclosure of liens under Subsection (a)(6) of this section and to
7 foreclosure of a reverse mortgage lien that requires a court order.

8 SECTION 2. This proposed constitutional amendment shall be
9 submitted to the voters at an election to be held November 2, 1999.
10 The ballot shall be printed to permit voting for or against the
11 proposition: "The constitutional amendment relating to the making
12 of advances under a reverse mortgage and payment of a reverse
13 mortgage."

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

May 26, 1999

Date

Honorable Rick Perry
President of the Senate

ADOPTED

30-0
MAY 29 1999

Honorable James E. "Pete" Laney
Speaker of the House of Representatives

Debbie King
Secretary of the Senate

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on SJR 12 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

John Carona
Sen. John Carona, Chair

Scott Hochberg
Rep. Scott Hochberg, Chair

David Cain
Sen. David Cain

Sherry Greenberg
Rep. Sherry Greenberg

Florence Shapiro
Sen. Florence Shapiro

Steve Wolens
Rep. Steve Wolens

Frank Madla
Sen. Frank Madla

Jim Pitts
Rep. Jim Pitts

Buster Brown
On the part of the Senate
Sen. J.E. "Buster" Brown

Kip Averitt
On the part of the House
Rep. Kip Averitt

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

MAY 26 1999

Filed 3:50pm

CONFERENCE COMMITTEE REPORT

S.J.R. No. 12

SENATE

✓ JOINT RESOLUTION

1 proposing a constitutional amendment relating to the making of
2 advances under and payment of a reverse mortgage.

3 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

4 SECTION 1. *Subsections (k), (p), and (r),*
5 ~~Sections 50(k), (p), and (r),~~ Article XVI, Texas
6 Constitution, are amended to read as follows:

7 (k) "Reverse mortgage" means an extension of credit:

8 (1) that is secured by a voluntary lien on homestead
9 property created by a written agreement with the consent of each
10 owner and each owner's spouse;

11 (2) that is made to a person who is or whose spouse is
12 62 [55] years or older;

13 (3) that is made without recourse for personal
14 liability against each owner and the spouse of each owner;

15 (4) under which advances are provided to a borrower
16 based on the equity in a borrower's homestead;

17 (5) that does not permit the lender to reduce the
18 amount or number of advances because of an adjustment in the
19 interest rate if periodic advances are to be made;

20 (6) that requires no payment of principal or interest
21 until:

22 (A) all borrowers have died;

23 (B) the homestead property securing the loan is
24 sold or otherwise transferred; [or]

(C) all borrowers cease occupying the homestead

Conference Report

1 property for a period of longer than 12 consecutive months without 1/2
2 prior written approval from the lender; or

3 (D) the borrower:

4 (i) defaults on an obligation specified in
5 the loan documents to repair and maintain, pay taxes and
6 assessments on, or insure the homestead property;

7 (ii) commits actual fraud in connection
8 with the loan; or

9 (iii) fails to maintain the priority of
10 the lender's lien on the homestead property, after the lender gives
11 notice to the borrower, by promptly discharging any lien that has
12 priority or may obtain priority over the lender's lien within 10
13 days after the date the borrower receives the notice, unless the
14 borrower:

15 (a) agrees in writing to the payment
16 of the obligation secured by the lien in a manner acceptable to the
17 lender;

18 (b) contests in good faith the lien
19 by, or defends against enforcement of the lien in, legal
20 proceedings so as to prevent the enforcement of the lien or
21 forfeiture of any part of the homestead property; or

22 (c) secures from the holder of the
23 lien an agreement satisfactory to the lender subordinating the lien
24 to all amounts secured by the lender's lien on the homestead
25 property

26 [(B) -- all borrowers cease occupying the homestead
27 property -- as -- a -- principal -- residence -- for -- more -- than -- 180 -- consecutive

1 ~~days-and-the-location-of-the-homestead-property-owner-is-unknown-to~~
2 ~~the-lender];/~~ 2/3

3 (7) that provides that if the lender fails to make
4 loan advances as required in the loan documents and if the lender
5 fails to cure the default as required in the loan documents after
6 notice from the borrower, the lender forfeits all principal and
7 interest of the reverse mortgage, provided, however, that this
8 subdivision does not apply when a governmental agency or
9 instrumentality takes an assignment of the loan in order to cure
10 the default; [and]

11 (8) that is not made unless the owner of the homestead
12 attests in writing that the owner received counseling regarding the
13 advisability and availability of reverse mortgages and other
14 financial alternatives;

15 (9) that requires the lender, at the time the loan is
16 made, to disclose to the borrower by written notice the specific
17 provisions contained in Subdivision (6) of this subsection under
18 which the borrower is required to repay the loan;

19 (10) that does not permit the lender to commence
20 foreclosure until the lender gives notice to the borrower, in the
21 manner provided for a notice by mail related to the foreclosure of
22 liens under Subsection (a)(6) of this section, that a ground for
23 foreclosure exists and gives the borrower at least 30 days, or at
24 least 20 days in the event of a default under Subdivision
25 (6)(D)(iii) of this subsection, to:

26 (A) remedy the condition creating the ground for
27 foreclosure;

1 (B) pay the debt secured by the homestead ^{3/4}
2 property from proceeds of the sale of the homestead property by the
3 borrower or from any other sources; or

4 (C) convey the homestead property to the lender
5 by a deed in lieu of foreclosure; and

6 (11) that is secured by a lien that may be foreclosed
7 upon only by a court order, if the foreclosure is for a ground
8 other than a ground stated by Subdivision (6)(A) or (B) of this
9 subsection.

10 (p) The advances made on a reverse mortgage loan under which
11 more than one advance is made must be made [~~at--regular--intervals~~]
12 according to the terms [~~a-plan~~] established by the [~~original~~] loan
13 documents by one or more of the following methods:

14 (1) at regular intervals;

15 (2) at regular intervals in which the amounts advanced
16 may be reduced, for one or more advances, at the request of the
17 borrower; or

18 (3) at any time by the lender, on behalf of the
19 borrower, if the borrower fails to timely pay any of the following
20 that the borrower is obligated to pay under the loan documents to
21 the extent necessary to protect the lender's interest in or the
22 value of the homestead property:

23 (A) taxes;

24 (B) insurance;

25 (C) costs of repairs or maintenance performed by
26 a person or company that is not an employee of the lender or a
27 person or company that directly or indirectly controls, is ^{4/5}

1 controlled by, or is under common control with the lender;

2 (D) assessments levied against the homestead
3 property; and

4 (E) any lien that has, or may obtain, priority
5 over the lender's lien as it is established in the loan documents
6 [agreement].

7 (r) The supreme court shall promulgate rules of civil
8 procedure for expedited foreclosure proceedings related to the
9 foreclosure of liens under Subsection (a)(6) of this section and to
10 foreclosure of a reverse mortgage lien that requires a court order.

11 SECTION 2. This proposed constitutional amendment shall be
12 submitted to the voters at an election to be held November 2, 1999.
13 The ballot shall be printed to permit voting for or against the
14 proposition: "The constitutional amendment relating to the making
15 of advances under a reverse mortgage and payment of a reverse
16 mortgage."

Senate Joint Resolution 12
Conference Committee Report
Section-by-Section Analysis
May 25, 1999

SENATE VERSION

SECTION 1. Amends Section 50, Article XVI, Texas Constitution, by amending Subsections (k) and (p).

Subsec. (k)(2) Raises the minimum age of a borrower taking out a reverse mortgage.

Subsec. (k)(4) Authorizes a reverse mortgage to be made based on the value of the borrower's homestead as well as the equity in a borrower's homestead.

Subsec. (k)(6) Makes changes in list of events that trigger payment of principal or interest:

(A) all borrowers have died.

(C) all borrowers cease occupying the property for a period of longer than 12 consecutive months.

(D) the borrower defaults on certain obligations specified in loan documents or fails to maintain the priority status of the lien securing the reverse mortgage.

HOUSE VERSION

SECTION 1. Amends Section 50, Article XVI, Texas Constitution, by amending Subsections (k), (p), and (r). (House Committee Substitute.)

Subsec. (k)(2) Same as Senate version.

Subsec. (k)(4) Makes no change in current law.

Subsec. (k)(6) Same as Senate version.

(A) Same as Senate version.

(C) Same as Senate version, except specifies longer than 12 consecutive months *without prior written approval from the lender*.

(D) Substantially the same as Senate version, except adds assessments to the list of obligations. Relating to failure to maintain the lender's lien's priority, requires the lender to notify the borrower of the responsibility to discharge any lien that has priority over the lender's lien within 10 days after receiving the notice. Provides exceptions if the borrower agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to the lender; contests the lien in good faith; or secures from the lender an agreement subordinating the lien to the lender's lien.

CONFERENCE

SECTION 1. Amends Section 50, Article XVI, Texas Constitution, by amending Subsections (k), (p), and (r).

Subsec. (k)(2) Same as Senate version.

Subsec. (k)(4) Same as House version.

Subsec. (k)(6) Same as House version.

Senate Joint Resolution 12
Conference Committee Report
Section-by-Section Analysis
May 25, 1999

SENATE VERSION

Subsec. (k)(7) Provides that the lender forfeits all principal and interest if it fails to cure the default as required in the loan documents after notice from the borrower.

No equivalent provision.

No equivalent provision.

No equivalent provision.

Subsec. (p) Adds options for payment of reverse mortgage advances:

(2)(A) Provides that payments may be made at any time on request of the borrower.

(2)(B) Provides that payments may be made at any time by the lender, on behalf of the borrower, to pay any cost, fee, or other charge the borrower is obligated to pay under the loan

HOUSE VERSION

Subsec. (k)(7) Same as Senate version.

Subsec. (k)(9) Requires the lender to disclose to the borrower the specific conditions under which the borrower is required to repay the loan.

Subsec. (k)(10) Prohibits the lender from foreclosing on the loan until the lender gives notice to the borrower and gives the borrower at least 30 days notice, or 20 days notice in the event of a default for failure to maintain the priority of the lien, to remedy the situation, pay the debt, or convey the property by deed rather than foreclosure.

Subsec. (k)(11) Provides that a reverse mortgage may be foreclosed upon only by a court order, unless the foreclosure occurs because borrowers have died or the property is sold or transferred.

Subsec. (p) Same as Senate version, except:

(2) Provides that payments may be made at regular intervals in which the amounts advanced may be reduced, for one or more advances, at the request of the borrower.

(3) Provides that payments may be made at any time by the lender on the borrower's behalf if the borrower fails to timely pay taxes, insurance, costs of certain repairs or maintenance,

CONFERENCE

Subsec. (k)(7) Same as Senate version, except exempts a governmental agency or instrumentality that takes an assignment of the loan in order to cure the default.

Subsec. (k)(9) Same as House version.

Subsec. (k)(10) Same as House version.

Subsec. (k)(11) Same as House version.

Subsec. (p) Same as House version.

Senate Joint Resolution 12
Conference Committee Report
Section-by-Section Analysis
May 25, 1999

SENATE VERSION	HOUSE VERSION	CONFERENCE
documents.	assessments, or any lien that has priority over the lender's lien, as established in the loan documents.	
No equivalent provision.	Subsec. (r) Requires the supreme court to promulgate rules of civil procedure for expedited foreclosure proceedings related to foreclosure of a reverse mortgage lien that requires a court order.	(r) Same as House version.
SECTION 2. Election date.	SECTION 2. Same as Senate version.	SECTION 2. Same as Senate version.

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

May 26, 1999

Honorable Rick Perry
President of the Senate

Honorable James E. "Pete" Laney
Speaker of the House of Representatives

ADOPTED

MAY 27 1999

Sharon Carter
Chief Clerk
House of Representatives

Date

HOUSE OF REPRESENTATIVES

99 MAY 26 PM 6:58

by ~~Roll~~ record
vote

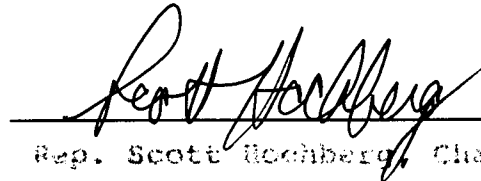
144-01

Sirs:

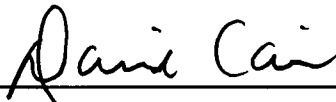
We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on SB 12 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.



Sen. John Carona, Chair



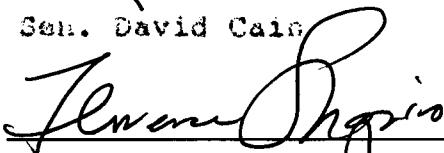
Rep. Scott Hochberg, Chair



Sen. David Cain



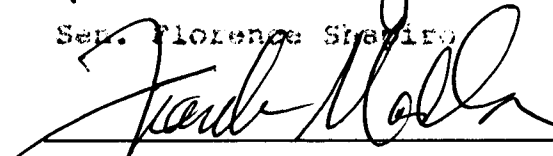
Rep. Sherri Greenberg



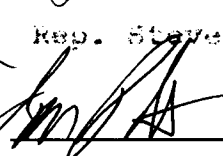
Sen. Florence Shapiro



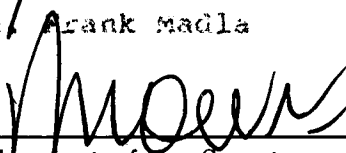
Rep. Steve Wolens



Sen. Frank Madla



Rep. Jim Pitts



On the part of the Senate

Sen. J.E. "Buster" Brown



On the part of the House

Rep. Kip Averitt

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

S.J.R. No. 12

A JOINT RESOLUTION

1 proposing a constitutional amendment relating to the making of
2 advances under and payment of a reverse mortgage.

3 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

4 SECTION 1. Sections 50(k), (p), and (r), Article XVI, Texas
5 Constitution, are amended to read as follows:

6 (k) "Reverse mortgage" means an extension of credit:

7 (1) that is secured by a voluntary lien on homestead
8 property created by a written agreement with the consent of each
9 owner and each owner's spouse;

10 (2) that is made to a person who is or whose spouse is
11 62 [55] years or older;

12 (3) that is made without recourse for personal
13 liability against each owner and the spouse of each owner;

14 (4) under which advances are provided to a borrower
15 based on the equity in a borrower's homestead;

16 (5) that does not permit the lender to reduce the
17 amount or number of advances because of an adjustment in the
18 interest rate if periodic advances are to be made;

19 (6) that requires no payment of principal or interest
20 until:

21 (A) all borrowers have died;

22 (B) the homestead property securing the loan is
23 sold or otherwise transferred; [or]

24 (C) all borrowers cease occupying the homestead

1 (B) pay the debt secured by the homestead
2 property from proceeds of the sale of the homestead property by the
3 borrower or from any other sources; or

4 (C) convey the homestead property to the lender
5 by a deed in lieu of foreclosure; and

6 (11) that is secured by a lien that may be foreclosed
7 upon only by a court order, if the foreclosure is for a ground
8 other than a ground stated by Subdivision (6)(A) or (B) of this
9 subsection.

10 (p) The advances made on a reverse mortgage loan under which
11 more than one advance is made must be made [~~at--regular--intervals~~]
12 according to the terms [~~a-plan~~] established by the [~~original~~] loan
13 documents by one or more of the following methods:

14 (1) at regular intervals;

15 (2) at regular intervals in which the amounts advanced
16 may be reduced, for one or more advances, at the request of the
17 borrower; or

18 (3) at any time by the lender, on behalf of the
19 borrower, if the borrower fails to timely pay any of the following
20 that the borrower is obligated to pay under the loan documents to
21 the extent necessary to protect the lender's interest in or the
22 value of the homestead property:

23 (A) taxes;

24 (B) insurance;

25 (C) costs of repairs or maintenance performed by
26 a person or company that is not an employee of the lender or a
27 person or company that directly or indirectly controls, is

1 controlled by, or is under common control with the lender;

2 (D) assessments levied against the homestead
3 property; and

4 (E) any lien that has, or may obtain, priority
5 over the lender's lien as it is established in the loan documents
6 [agreement].

7 (r) The supreme court shall promulgate rules of civil
8 procedure for expedited foreclosure proceedings related to the
9 foreclosure of liens under Subsection (a)(6) of this section and to
10 foreclosure of a reverse mortgage lien that requires a court order.

11 SECTION 2. This proposed constitutional amendment shall be
12 submitted to the voters at an election to be held November 2, 1999.
13 The ballot shall be printed to permit voting for or against the
14 proposition: "The constitutional amendment relating to the making
15 of advances under a reverse mortgage and payment of a reverse
16 mortgage."

Senate Joint Resolution 12
Conference Committee Report
Section-by-Section Analysis
May 25, 1999

SENATE VERSION

SECTION 1. Amends Section 50, Article XVI, Texas Constitution, by amending Subsections (k) and (p).

Subsec. (k)(2) Raises the minimum age of a borrower taking out a reverse mortgage.

Subsec. (k)(4) Authorizes a reverse mortgage to be made based on the value of the borrower's homestead as well as the equity in a borrower's homestead.

Subsec. (k)(6) Makes changes in list of events that trigger payment of principal or interest:

(A) all borrowers have died.

(C) all borrowers cease occupying the property for a period of longer than 12 consecutive months.

(D) the borrower defaults on certain obligations specified in loan documents or fails to maintain the priority status of the lien securing the reverse mortgage.

HOUSE VERSION

SECTION 1. Amends Section 50, Article XVI, Texas Constitution, by amending Subsections (k), (p), and (r). (House Committee Substitute.)

Subsec. (k)(2) Same as Senate version.

Subsec. (k)(4) Makes no change in current law.

Subsec. (k)(6) Same as Senate version.

(A) Same as Senate version.

(C) Same as Senate version, except specifies longer than 12 consecutive months *without prior written approval from the lender*.

(D) Substantially the same as Senate version, except adds assessments to the list of obligations. Relating to failure to maintain the lender's lien's priority, requires the lender to notify the borrower of the responsibility to discharge any lien that has priority over the lender's lien within 10 days after receiving the notice. Provides exceptions if the borrower agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to the lender; contests the lien in good faith; or secures from the lender an agreement subordinating the lien to the lender's lien.

CONFERENCE

SECTION 1. Amends Section 50, Article XVI, Texas Constitution, by amending Subsections (k), (p), and (r).

Subsec. (k)(2) Same as Senate version.

Subsec. (k)(4) Same as House version.

Subsec. (k)(6) Same as House version.

Senate Joint Resolution 12
Conference Committee Report
Section-by-Section Analysis
May 25, 1999

SENATE VERSION

Subsec. (k)(7) Provides that the lender forfeits all principal and interest if it fails to cure the default as required in the loan documents after notice from the borrower.

No equivalent provision.

No equivalent provision.

No equivalent provision.

Subsec. (p) Adds options for payment of reverse mortgage advances:

(2)(A) Provides that payments may be made at any time on request of the borrower.

(2)(B) Provides that payments may be made at any time by the lender, on behalf of the borrower, to pay any cost, fee, or other charge the borrower is obligated to pay under the loan

HOUSE VERSION

Subsec. (k)(7) Same as Senate version.

Subsec. (k)(9) Requires the lender to disclose to the borrower the specific conditions under which the borrower is required to repay the loan.

Subsec. (k)(10) Prohibits the lender from foreclosing on the loan until the lender gives notice to the borrower and gives the borrower at least 30 days notice, or 20 days notice in the event of a default for failure to maintain the priority of the lien, to remedy the situation, pay the debt, or convey the property by deed rather than foreclosure.

Subsec. (k)(11) Provides that a reverse mortgage may be foreclosed upon only by a court order, unless the foreclosure occurs because borrowers have died or the property is sold or transferred.

Subsec. (p) Same as Senate version, except:

(2) Provides that payments may be made at regular intervals in which the amounts advanced may be reduced, for one or more advances, at the request of the borrower.

(3) Provides that payments may be made at any time by the lender on the borrower's behalf if the borrower fails to timely pay taxes, insurance, costs of certain repairs or maintenance,

CONFERENCE

Subsec. (k)(7) Same as Senate version, except exempts a governmental agency or instrumentality that takes an assignment of the loan in order to cure the default.

Subsec. (k)(9) Same as House version.

Subsec. (k)(10) Same as House version.

Subsec. (k)(11) Same as House version.

Subsec. (p) Same as House version.

Senate Joint Resolution 12
Conference Committee Report
Section-by-Section Analysis
May 25, 1999

SENATE VERSION	HOUSE VERSION	CONFERENCE
documents.	assessments, or any lien that has priority over the lender's lien, as established in the loan documents.	
No equivalent provision.	Subsec. (r) Requires the supreme court to promulgate rules of civil procedure for expedited foreclosure proceedings related to foreclosure of a reverse mortgage lien that requires a court order.	(r) Same as House version.
SECTION 2. Election date.	SECTION 2. Same as Senate version.	SECTION 2. Same as Senate version.

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

May 26, 1999

Date

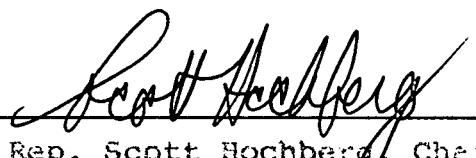
Honorable Rick Perry
President of the Senate

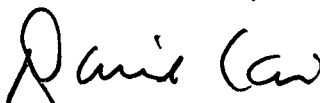
Honorable James E. "Pete" Laney
Speaker of the House of Representatives

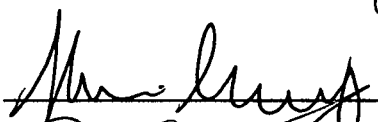
Sirs:

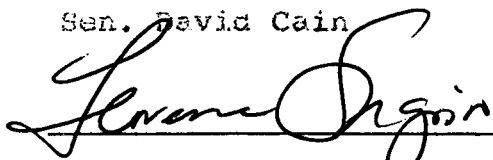
We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on SJR 12 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

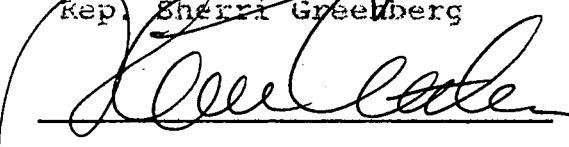

Sen. John Carona, Chair

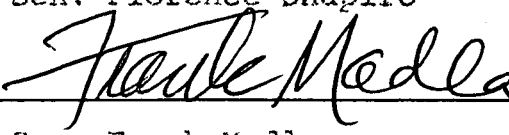

Rep. Scott Hochberg, Chair


Sen. David Cain

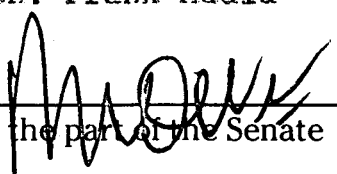

Rep. Sherri Greenberg

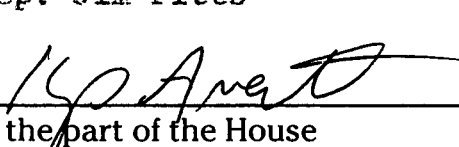

Sen. Florence Shapiro


Rep. Steve Wolens


Sen. Frank Madla


Rep. Jim Pitts


On the part of the Senate
Sen. J.E. "Buster" Brown


On the part of the House
Rep. Kip Averitt

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

S.J.R. No. 12

A JOINT RESOLUTION

1 proposing a constitutional amendment relating to the making of
2 advances under and payment of a reverse mortgage.

3 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

4 SECTION 1. Sections 50(k), (p), and (r), Article XVI, Texas
5 Constitution, are amended to read as follows:

6 (k) "Reverse mortgage" means an extension of credit:

7 (1) that is secured by a voluntary lien on homestead
8 property created by a written agreement with the consent of each
9 owner and each owner's spouse;

10 (2) that is made to a person who is or whose spouse is
11 62 [55] years or older;

12 (3) that is made without recourse for personal
13 liability against each owner and the spouse of each owner;

14 (4) under which advances are provided to a borrower
15 based on the equity in a borrower's homestead;

16 (5) that does not permit the lender to reduce the
17 amount or number of advances because of an adjustment in the
18 interest rate if periodic advances are to be made;

19 (6) that requires no payment of principal or interest
20 until:

21 (A) all borrowers have died;

22 (B) the homestead property securing the loan is
23 sold or otherwise transferred; [or]

24 (C) all borrowers cease occupying the homestead

1 property for a period of longer than 12 consecutive months without
2 prior written approval from the lender; or

3 (D) the borrower:

4 (i) defaults on an obligation specified in
5 the loan documents to repair and maintain, pay taxes and
6 assessments on, or insure the homestead property;

7 (ii) commits actual fraud in connection
8 with the loan; or

9 (iii) fails to maintain the priority of
10 the lender's lien on the homestead property, after the lender gives
11 notice to the borrower, by promptly discharging any lien that has
12 priority or may obtain priority over the lender's lien within 10
13 days after the date the borrower receives the notice, unless the
14 borrower:

15 (a) agrees in writing to the payment
16 of the obligation secured by the lien in a manner acceptable to the
17 lender;

18 (b) contests in good faith the lien
19 by, or defends against enforcement of the lien in, legal
20 proceedings so as to prevent the enforcement of the lien or
21 forfeiture of any part of the homestead property; or

22 (c) secures from the holder of the
23 lien an agreement satisfactory to the lender subordinating the lien
24 to all amounts secured by the lender's lien on the homestead
25 property

26 ~~[(B)--all-borrowers-cease-occupying-the-homestead~~
27 ~~property--as--a--principal--residence-for-more-than-180-consecutive~~

1 ~~days-and-the-location-of-the-homestead-property-owner-is-unknown-to~~
2 ~~the-lender];~~

3 (7) that provides that if the lender fails to make
4 loan advances as required in the loan documents and if the lender
5 fails to cure the default as required in the loan documents after
6 notice from the borrower, the lender forfeits all principal and
7 interest of the reverse mortgage, provided, however, that this
8 subdivision does not apply when a governmental agency or
9 instrumentality takes an assignment of the loan in order to cure
10 the default; [and]

11 (8) that is not made unless the owner of the homestead
12 attests in writing that the owner received counseling regarding the
13 advisability and availability of reverse mortgages and other
14 financial alternatives;

15 (9) that requires the lender, at the time the loan is
16 made, to disclose to the borrower by written notice the specific
17 provisions contained in Subdivision (6) of this subsection under
18 which the borrower is required to repay the loan;

19 (10) that does not permit the lender to commence
20 foreclosure until the lender gives notice to the borrower, in the
21 manner provided for a notice by mail related to the foreclosure of
22 liens under Subsection (a)(6) of this section, that a ground for
23 foreclosure exists and gives the borrower at least 30 days, or at
24 least 20 days in the event of a default under Subdivision
25 (6)(D)(iii) of this subsection, to:

26 (A) remedy the condition creating the ground for
27 foreclosure;

1 (B) pay the debt secured by the homestead
2 property from proceeds of the sale of the homestead property by the
3 borrower or from any other sources; or

4 (C) convey the homestead property to the lender
5 by a deed in lieu of foreclosure; and

6 (11) that is secured by a lien that may be foreclosed
7 upon only by a court order, if the foreclosure is for a ground
8 other than a ground stated by Subdivision (6)(A) or (B) of this
9 subsection.

10 (p) The advances made on a reverse mortgage loan under which
11 more than one advance is made must be made [~~at--regular--intervals~~]
12 according to the terms [~~a plan~~] established by the [~~original~~] loan
13 documents by one or more of the following methods:

14 (1) at regular intervals;

15 (2) at regular intervals in which the amounts advanced
16 may be reduced, for one or more advances, at the request of the
17 borrower; or

18 (3) at any time by the lender, on behalf of the
19 borrower, if the borrower fails to timely pay any of the following
20 that the borrower is obligated to pay under the loan documents to
21 the extent necessary to protect the lender's interest in or the
22 value of the homestead property:

23 (A) taxes;

24 (B) insurance;

25 (C) costs of repairs or maintenance performed by
26 a person or company that is not an employee of the lender or a
27 person or company that directly or indirectly controls, is

1 controlled by, or is under common control with the lender;

2 (D) assessments levied against the homestead
3 property; and

4 (E) any lien that has, or may obtain, priority
5 over the lender's lien as it is established in the loan documents
6 [agreement].

7 (r) The supreme court shall promulgate rules of civil
8 procedure for expedited foreclosure proceedings related to the
9 foreclosure of liens under Subsection (a)(6) of this section and to
10 foreclosure of a reverse mortgage lien that requires a court order.

11 SECTION 2. This proposed constitutional amendment shall be
12 submitted to the voters at an election to be held November 2, 1999.
13 The ballot shall be printed to permit voting for or against the
14 proposition: "The constitutional amendment relating to the making
15 of advances under a reverse mortgage and payment of a reverse
16 mortgage."

Senate Joint Resolution 12
Conference Committee Report
Section-by-Section Analysis
May 25, 1999

SENATE VERSION

SECTION 1. Amends Section 50, Article XVI, Texas Constitution, by amending Subsections (k) and (p).

Subsec. (k)(2) Raises the minimum age of a borrower taking out a reverse mortgage.

Subsec. (k)(4) Authorizes a reverse mortgage to be made based on the value of the borrower's homestead as well as the equity in a borrower's homestead.

Subsec. (k)(6) Makes changes in list of events that trigger payment of principal or interest:

(A) all borrowers have died.

(C) all borrowers cease occupying the property for a period of longer than 12 consecutive months.

(D) the borrower defaults on certain obligations specified in loan documents or fails to maintain the priority status of the lien securing the reverse mortgage.

HOUSE VERSION

SECTION 1. Amends Section 50, Article XVI, Texas Constitution, by amending Subsections (k), (p), and (r). (House Committee Substitute.)

Subsec. (k)(2) Same as Senate version.

Subsec. (k)(4) Makes no change in current law.

Subsec. (k)(6) Same as Senate version.

(A) Same as Senate version.

(C) Same as Senate version, except specifies longer than 12 consecutive months *without prior written approval from the lender*.

(D) Substantially the same as Senate version, except adds assessments to the list of obligations. Relating to failure to maintain the lender's lien's priority, requires the lender to notify the borrower of the responsibility to discharge any lien that has priority over the lender's lien within 10 days after receiving the notice. Provides exceptions if the borrower agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to the lender; contests the lien in good faith; or secures from the lender an agreement subordinating the lien to the lender's lien.

CONFERENCE

SECTION 1. Amends Section 50, Article XVI, Texas Constitution, by amending Subsections (k), (p), and (r).

Subsec. (k)(2) Same as Senate version.

Subsec. (k)(4) Same as House version.

Subsec. (k)(6) Same as House version.

Senate Joint Resolution 12
Conference Committee Report
Section-by-Section Analysis
May 25, 1999

SENATE VERSION

Subsec. (k)(7) Provides that the lender forfeits all principal and interest if it fails to cure the default as required in the loan documents after notice from the borrower.

No equivalent provision.

No equivalent provision.

No equivalent provision.

Subsec. (p) Adds options for payment of reverse mortgage advances:

(2)(A) Provides that payments may be made at any time on request of the borrower.

(2)(B) Provides that payments may be made at any time by the lender, on behalf of the borrower, to pay any cost, fee, or other charge the borrower is obligated to pay under the loan

HOUSE VERSION

Subsec. (k)(7) Same as Senate version.

Subsec. (k)(9) Requires the lender to disclose to the borrower the specific conditions under which the borrower is required to repay the loan.

Subsec. (k)(10) Prohibits the lender from foreclosing on the loan until the lender gives notice to the borrower and gives the borrower at least 30 days notice, or 20 days notice in the event of a default for failure to maintain the priority of the lien, to remedy the situation, pay the debt, or convey the property by deed rather than foreclosure.

Subsec. (k)(11) Provides that a reverse mortgage may be foreclosed upon only by a court order, unless the foreclosure occurs because borrowers have died or the property is sold or transferred.

Subsec. (p) Same as Senate version, except:

(2) Provides that payments may be made at regular intervals in which the amounts advanced may be reduced, for one or more advances, at the request of the borrower.

(3) Provides that payments may be made at any time by the lender on the borrower's behalf if the borrower fails to timely pay taxes, insurance, costs of certain repairs or maintenance,

CONFERENCE

Subsec. (k)(7) Same as Senate version, except exempts a governmental agency or instrumentality that takes an assignment of the loan in order to cure the default.

Subsec. (k)(9) Same as House version.

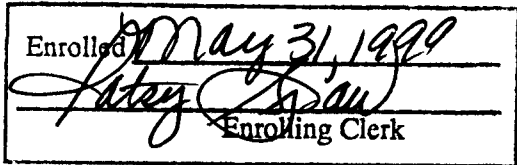
Subsec. (k)(10) Same as House version.

Subsec. (k)(11) Same as House version.

Subsec. (p) Same as House version.

Senate Joint Resolution 12
Conference Committee Report
Section-by-Section Analysis
May 25, 1999

SENATE VERSION	HOUSE VERSION	CONFERENCE
documents.	assessments, or any lien that has priority over the lender's lien, as established in the loan documents.	
No equivalent provision.	Subsec. (r) Requires the supreme court to promulgate rules of civil procedure for expedited foreclosure proceedings related to foreclosure of a reverse mortgage lien that requires a court order.	(r) Same as House version.
SECTION 2. Election date.	SECTION 2. Same as Senate version.	SECTION 2. Same as Senate version.



S.J.R. No. 12

SENATE JOINT RESOLUTION

proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subsections (k), (p), and (r), Section 50, Article XVI, Texas Constitution, are amended to read as follows:

(k) "Reverse mortgage" means an extension of credit:

(1) that is secured by a voluntary lien on homestead property created by a written agreement with the consent of each owner and each owner's spouse;

(2) that is made to a person who is or whose spouse is 62 [55] years or older;

(3) that is made without recourse for personal liability against each owner and the spouse of each owner;

(4) under which advances are provided to a borrower based on the equity in a borrower's homestead;

(5) that does not permit the lender to reduce the amount or number of advances because of an adjustment in the interest rate if periodic advances are to be made;

(6) that requires no payment of principal or interest until:

(A) all borrowers have died;

(B) the homestead property securing the loan is sold or otherwise transferred; [or]

(C) all borrowers cease occupying the homestead property for a period of longer than 12 consecutive months without

1 prior written approval from the lender; or

2 (D) the borrower:

3 (i) defaults on an obligation specified in
4 the loan documents to repair and maintain, pay taxes and
5 assessments on, or insure the homestead property;

6 (ii) commits actual fraud in connection
7 with the loan; or

8 (iii) fails to maintain the priority of
9 the lender's lien on the homestead property, after the lender gives
10 notice to the borrower, by promptly discharging any lien that has
11 priority or may obtain priority over the lender's lien within 10
12 days after the date the borrower receives the notice, unless the
13 borrower:

14 (a) agrees in writing to the payment
15 of the obligation secured by the lien in a manner acceptable to the
16 lender;

17 (b) contests in good faith the lien
18 by, or defends against enforcement of the lien in, legal
19 proceedings so as to prevent the enforcement of the lien or
20 forfeiture of any part of the homestead property; or

21 (c) secures from the holder of the
22 lien an agreement satisfactory to the lender subordinating the lien
23 to all amounts secured by the lender's lien on the homestead
24 property [~~(B)--all-borrowers-cease-occupying-the-homestead-property~~
25 ~~as-a-principal-residence-for-more-than-180-consecutive-days-and-the~~
26 ~~location-of-the-homestead-property-owner-is-unknown-to-the-lender];~~

1 (7) that provides that if the lender fails to make
2 loan advances as required in the loan documents and if the lender
3 fails to cure the default as required in the loan documents after
4 notice from the borrower, the lender forfeits all principal and
5 interest of the reverse mortgage, provided, however, that this
6 subdivision does not apply when a governmental agency or
7 instrumentality takes an assignment of the loan in order to cure
8 the default; [and]

9 (8) that is not made unless the owner of the homestead
10 attests in writing that the owner received counseling regarding the
11 advisability and availability of reverse mortgages and other
12 financial alternatives;

13 (9) that requires the lender, at the time the loan is
14 made, to disclose to the borrower by written notice the specific
15 provisions contained in Subdivision (6) of this subsection under
16 which the borrower is required to repay the loan;

17 (10) that does not permit the lender to commence
18 foreclosure until the lender gives notice to the borrower, in the
19 manner provided for a notice by mail related to the foreclosure of
20 liens under Subsection (a)(6) of this section, that a ground for
21 foreclosure exists and gives the borrower at least 30 days, or at
22 least 20 days in the event of a default under Subdivision
23 (6)(D)(iii) of this subsection, to:

24 (A) remedy the condition creating the ground for
25 foreclosure;

26 (B) pay the debt secured by the homestead

1 property from proceeds of the sale of the homestead property by the
2 borrower or from any other sources; or

3 (C) convey the homestead property to the lender
4 by a deed in lieu of foreclosure; and

5 (11) that is secured by a lien that may be foreclosed
6 upon only by a court order, if the foreclosure is for a ground
7 other than a ground stated by Subdivision (6)(A) or (B) of this
8 subsection.

9 (p) The advances made on a reverse mortgage loan under which
10 more than one advance is made must be made [~~at-regular-intervals~~]
11 according to the terms [~~a-plan~~] established by the [~~original~~] loan
12 documents by one or more of the following methods:

13 (1) at regular intervals;

14 (2) at regular intervals in which the amounts advanced
15 may be reduced, for one or more advances, at the request of the
16 borrower; or

17 (3) at any time by the lender, on behalf of the
18 borrower, if the borrower fails to timely pay any of the following
19 that the borrower is obligated to pay under the loan documents to
20 the extent necessary to protect the lender's interest in or the
21 value of the homestead property:

22 (A) taxes;

23 (B) insurance;

24 (C) costs of repairs or maintenance performed by
25 a person or company that is not an employee of the lender or a
26 person or company that directly or indirectly controls, is

1 controlled by, or is under common control with the lender;

2 (D) assessments levied against the homestead
3 property; and

4 (E) any lien that has, or may obtain, priority
5 over the lender's lien as it is established in the loan documents
6 [agreement].

7 (r) The supreme court shall promulgate rules of civil
8 procedure for expedited foreclosure proceedings related to the
9 foreclosure of liens under Subsection (a)(6) of this section and to
10 foreclosure of a reverse mortgage lien that requires a court order.

11 SECTION 2. This proposed constitutional amendment shall be
12 submitted to the voters at an election to be held November 2, 1999.
13 The ballot shall be printed to permit voting for or against the
14 proposition: "The constitutional amendment relating to the making
15 of advances under a reverse mortgage and payment of a reverse
16 mortgage."

President of the Senate

Speaker of the House

I hereby certify that S.J.R. No. 12 was adopted by the Senate on March 18, 1999, by the following vote: Yeas 31, Nays 0; May 21, 1999, Senate refused to concur in House amendment and requested appointment of Conference Committee; May 24, 1999, House granted request of the Senate; May 29, 1999, Senate adopted Conference Committee Report by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

I hereby certify that S.J.R. No. 12 was adopted by the House, with amendment, on May 18, 1999, by the following vote: Yeas 143, Nays 0, one present not voting; May 24, 1999, House granted request of the Senate for appointment of Conference Committee; May 27, 1999, House adopted Conference Committee Report by the following vote: Yeas 144, Nays 0, one present not voting.

Chief Clerk of the House

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 76th Regular Session

May 27, 1999

TO: Honorable Rick Perry, Lieutenant Governor
Honorable James E. "Pete" Laney, Speaker of the House
FROM: John Keel, Director, Legislative Budget Board
IN RE: **SJR12** by Carona (proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage), **Conference Committee Report**

No significant fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$76,352.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 466 Consumer Credit Commission
LBB Staff: JK, TH, SD, DP

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 76th Regular Session

May 8, 1999

TO: Honorable Kip Averitt, Chair, House Committee on Financial Institutions

FROM: John Keel, Director, Legislative Budget Board

IN RE: **SJR12** by Carona (proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$76,352.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 466 Consumer Credit Commission

LBB Staff: JK, TH, SD, DP

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 76th Regular Session

March 25, 1999

TO: Honorable Kip Averitt, Chair, House Committee on Financial Institutions

FROM: John Keel, Director, Legislative Budget Board

IN RE: SJR12 by Carona (Proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage.), **As Engrossed**

No significant fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$76,352.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 466 Consumer Credit Commission

LBB Staff: JK, TH, SD, DP

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 76th Regular Session

March 15, 1999

TO: Honorable Florence Shapiro, Chair, Senate Committee on State Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: **SJR12** by Carona (proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$76,352.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 466 Consumer Credit Commission

LBB Staff: JK, SD, DP

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 76th Regular Session

February 8, 1999

TO: Honorable Florence Shapiro, Chair, Senate Committee on State Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: **SJR12** by Carona (Proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage.), **As Introduced**

No significant fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$76,352.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 466 Consumer Credit Commission

LBB Staff: JK, SD, DP

J.R.
S.B. No. 12

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 12 ^{J.R.} ~~passed~~ ^{was adopted by} the Senate on March 18, 1999, by the following vote: Yeas 31, Nays 0; May 21, 1999, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 24, 1999, House granted request of the Senate; May 29, 1999, Senate adopted Conference Committee Report by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 12 ^{J.R.} ~~passed~~ ^{was adopted by} the House, with amendments, on May 18, 1999, by the following vote: Yeas 143, Nays 0; May 24, 1999, House granted request of the Senate for appointment of Conference Committee; May 27, 1999, House adopted Conference Committee Report by the following vote: Yeas 144, Nays 0, one present not voting.

, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor

Proposing a constitutional amendment relating to the making of advances under and payment of a reverse mortgage.

DEC 7 1998

FEB 01 1999

Filed with the Secretary of the Senate

Read and referred to Committee on STATE AFFAIRS

Reported favorably _____

MAR 15 1999

Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.

Ordered not printed

Laid before the Senate

MAR 18 1999

Senate and Constitutional Rules to permit consideration suspended by: { unanimous consent
____ years, ____ nays

MAR 18 1999

Read second time, _____, and ordered engrossed by: { unanimous consent
~~a viva voce vote~~
____ years, ____ nays

MAR 18 1999

Senate and Constitutional 3 Day Rule suspended by a vote of 30 yeas, 1 nays.

MAR 18 1999

Read third time, _____, and passed by: 31 yeas, 0 nays

Buty King
SECRETARY OF THE SENATE

OTHER ACTION:

March 18, 1999

Engrossed

March 22, 1999

Sent to House

Engrossing Clerk

Ratsy Sun

MAR 22 1999

Received from the Senate

Financial Institutions

MAR 23 1999

Read first time and referred to Committee on _____

MAY 11 1999

Reported _____ favorably (~~as amended~~) (as substituted)

MAY 12 1999

Sent to Committee on Calendars

*

MAY 18 1999

Read second time (comm. subst.) (~~amended~~) and adopted (~~passed to third reading~~) by a record vote of 143 yeas, 0 nays, 1 present, not voting

Read third time (amended) and finally adopted (failed of adoption) by a record vote of _____ yeas, _____ nays, _____ present, not voting

MAY 19 1999

Returned to Senate.

Sharon Carter

CHIEF CLERK OF THE HOUSE

Returned from House without amendment.

MAY 19 1999

Returned from House with _____ amendments.

Concurred in House amendments by a viva voce vote _____ yeas, _____ nays.

* MAY 13 1999

Corrected Committee Report sent to Committee on Calendars

MAY 21 1999 Refused to concur in House amendments and requested the appointment of a Conference Committee to adjust the differences.

Senate conferees instructed.

MAY 21 1999 Senate conferees appointed: Carona, Chairman; Shapiro
Madla, Cain, and Brown

5/24/99 House granted Senate request. House conferees appointed: Hochberg, Chairman;
Averett, Brenberg, Pitts, Wolens

MAY 26 1999 Conference Committee Report read and filed with the Secretary of the Senate.

5/27/99 Conference Committee Report adopted on the part of the House by: _____

{ ~~a viva voce vote~~
144 yeas, 0 nays 1pnt

5/29/99 Conference Committee Report adopted on the part of the Senate by:

{ ~~a viva voce vote~~
30 yeas, 0 nays

OTHER ACTION:

Recommitted to Conference Committee

Conferees discharged.

Conference Committee Report failed of adoption by: _____

{ a viva voce vote
_____ yeas, _____ nays

MAY 11 2 30 PM '99
SENATE

MAY 12 AM 12:00
HOUSE OF REPRESENTATIVES